

Conclusions of the Siberian Oil Company (Sibneft) Audit Commission for the Year 2004

1. Introduction

The Audit Commission, elected by the General Meeting of Sibneft Shareholders, acting in accordance with the Regulations, approved by the General Meeting of Shareholders, audited the financial and economic activities of the company over the period from January 1 to December 31, 2004. Based on the results of the audit, the following conclusions were prepared.

In its work, the Audit Commission was guided by existing Russian laws, the regulations and instructions of government bodies, company orders and directives, as well as the Articles of Incorporation.

The main objects of the audit were to certify:

- The authenticity of information about economic processes and the financial performance of the company;
- The legitimacy of contracts signed on behalf of the company, its transactions and settlements with counteragents;
- The safety and inventory accounting of material valuables;
- Information regarding the inventory of property, primary, executive and reporting documents;
- The validity of decisions adopted by company management regarding compliance with existing laws and the company's Charter (Articles of Incorporation).

The following documents were presented to the Commission over the course of the audit:

- Minutes of Board of Directors meetings;
- Orders issued by the company in the reporting period;
- Accounting policy for the purposes of the company's accounting and tax proceedings in 2004;
- Conclusions made by property inventory commissions;
- Individual contracts signed on behalf of the company;
- The company's accounting documents: Form No. 1 "Accounting Balance Sheet", Form No.2 "Profit and Loss Statement", Form No. 3 "Report on Changes in Capital", Form No. 4 "Cash Flow Report", Form No. 5 "Supplement to the Accounting Balance Sheet", annual report, and endorsed accounting policy of the company for 2004;
- Dividend calculation and payment documents.

The following persons were responsible for the financial and economic activities of the Siberian Oil Company in 2004:

President	Eugene Markovich Shvidler
Chief accountant	Evgeniya Nikolayevna Sukharkova

2. Examination of the validity of decisions adopted by company management regarding compliance with existing laws and the company's Articles of Incorporation

- Selective examination of transactions under credit agreements and loan agreements. Decisions adopted by the Board of Directors, the Management Board, and the President during the year 2004 were within the jurisdiction of the company's governing bodies and did not contradict legislative acts or the Articles of Incorporation, which governed their activities;
- Orders issued within the company on the basis of these decisions did not violate the company's Articles of Incorporation;
- Minutes of the Board of Directors meetings were duly executed without corrections and included all necessary materials;
- An analysis of documents issued by governing bodies showed that they exercised constant oversight of the implementation of their decisions.

3. Examination of financial and economic activities of the company

- The company's financial and economic activities were consistent with existing laws and the company's Articles of Incorporation;
- No violations were found in accounting procedures and accounting policy that could have had a significant impact on the company's financial performance;
- Dividends were paid in compliance with Russian legislation;
- The Audit Commission studied the results of the planned inventory for the year 2004 of settlements with the buyers of oil, petroleum products, materials and technical resources, and services; by monetary payment; through settlements with the state agencies and suppliers; and through financial investments, as well as an inventory of the company's property in the following categories: fixed assets, non-material assets, and unfinished capital construction;
- The property of the company was used in strict compliance with the decisions of the general shareholders meetings and the Board of Directors;
- An examination of the legal aspects of individual contracts did not reveal any violations.

4. Examination of the annual balance sheet and the profit and loss statement

- Accounting records were kept and accounting reports were prepared in accordance with regulatory acts that govern accounting and taxation in the Russian Federation, as well as with the Accounting Policy adopted by the company for 2004;
- The annual report was complete and conformed to the approved format;
- An analysis of accounting documents (accounting balance sheets, supplements to the balance sheet, and primary documents for 2004) shows that economic operations were accounted for accurately and that commodity, property and financial flows were reflected correctly;
- The calculation of profits and losses was based on the effective accounting of actual earnings from sales and actual production costs, and was confirmed by relevant documents.

Balance sheet total as of January 1, 2004:	143,319,876,000 rubles
Value of net assets January 1, 2004:	16,056,848,000 rubles
Balance sheet total as of December 31, 2004:	172,434,356,000 rubles
Value of net assets December 31, 2004:	75,155,386,000 rubles

Profit received in 2004

Profit from sales of goods and services:	74,602,224,000 rubles
Profit after taxes:	45,576,300,000 rubles
Profit from company reorganization:	13,522,220,000 rubles

5. Conclusion

Considering the information above, the Audit Commission confirms the authenticity of the data contained in Sibneft's annual accounting reports and believes it possible to recommend the report for approval by the general meeting of shareholders.

Commission Chairman _____ Barabash, L. A.

Commission members _____ Leshko, A. I.

_____ Sheffer, I.